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ABSTRACT

Question-and-answer format is used to provide guidance about the eligibility of public charter schools to receive funds, and the allocation of such funds, under Part A of Title I of the Elementary and Secondary Education Act. Part A provides federal financial assistance, through state education agencies (SEAs) to local education agencies (LEAs) to meet the educational needs of children who are failing or at risk of failing to meet a state's content and student performance standards in schools with high concentrations of children from low-income families. In general, SEAs and LEAs must treat public charter schools in a manner consistent with the Title I statute and must take all reasonable steps to ensure that charter schools receive their full allocations. A public charter school LEA must meet the same eligibility requirements that apply to other LEAs in the state, and allocations are made on the basis of "formula children" as defined for other schools. Adjustments that may be made in the absence of complete data from the charter school are discussed for situations when the charter school is an LEA in itself or within an LEA. (Contains two tables.) (SLD)

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ED 418 181

NONREGULATORY GUIDANCE

ALLOCATIONS TO PUBLIC CHARTER SCHOOLS UNDER TITLE I, PART A OF THE ELEMENTARY AND SECONDARY EDUCATION ACT

U.S. DEPARTMENT OF EDUCATION
Office of Elementary and Secondary Education

March 1998

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ALLOCATIONS TO PUBLIC CHARTER SCHOOLS UNDER TITLE I, PART A OF THE ESEA

A growing number of States have enacted legislation establishing public charter schools. Usually, this legislation recognizes charter schools as (1) separate local educational agencies (LEAs) or (2) public schools within an LEA. As such, public charter schools are eligible to receive Federal education funds on the same basis as other LEAs or public schools.

This guidance deals with issues concerning the eligibility of public charter schools to receive funds, and the allocation of funds to such schools, under Part A of Title I of the Elementary and Secondary Education Act. Title I, Part A provides Federal financial assistance, through State educational agencies (SEAs), to LEAs to meet the educational needs of children who are failing or are most at risk of failing to meet a State's challenging content and student performance standards in schools with high concentrations of children from low-income families. Public charter schools may be eligible to receive Title I, Part A funds, either as LEAs or as participating public schools within an LEA.

In general, when allocating Title I, Part A funds, SEAs and LEAs must treat public charter schools in a manner consistent with the Title I statute and regulations and take all reasonable steps to ensure that public charter schools receive their full allocations. In a State that considers public charter schools to be LEAs, the SEA must treat those public charter schools like other LEAs in the State when determining Title I LEA eligibility and allocations. Similarly, if a State considers public charter schools to be public schools within an LEA, an LEA must treat its public charter schools like other public schools in determining eligibility and within-district allocations. To aid in making these determinations, an SEA or LEA should provide timely information to public charter schools (and potential public charter schools planning to open in an upcoming school year) about Title I, Part A eligibility and allocation procedures so that the public charter schools can provide the necessary data for the SEA or LEA to carry out its Title I responsibilities. Given the fact that new public charter schools often operate under varying time frames with respect to enrolling students, SEAs and LEAs should be appropriately flexible in accommodating this situation. The Department strongly encourages SEAs and LEAs to use the available flexibility to ensure that eligible students in eligible public charter schools receive Title I services in the first year of a public charter school's operation.

Public Charter School LEAs

Q1. What eligibility requirements must a public charter school LEA meet in order to receive Title I, Part A funds?

A. In order to receive Title I funding, a public charter school LEA must meet the same eligibility requirements that apply to other LEAs in the State. To be eligible for a Basic Grant, an LEA must have at least 10 "formula children" and the number of such children must make up more than two percent of the LEA's population ages 5 through 17 years. To be eligible for a Concentration Grant, an LEA generally must have more than [illegible]500

formula children or the number of such children must exceed 15 percent of the LEA's 5 through 17 population. Formula children are defined in Q. 2.

Q2. In general, how does an SEA suballocate Title I funds to eligible LEAs?

A. Using the county Title I allocations provided by the U.S. Department of Education, each SEA suballocates those funds to eligible LEAs, including public charter schools that have been recognized as LEAs by State law, based on their number of formula children. Formula children are children ages 5 through 17 from low-income families and children who live in institutions for neglected children. An SEA must use the best available data to determine the number of poor formula children and must use the same measure of low-income throughout the State for determining LEA eligibility and allocations. (For more details on how SEAs allocate Title I funds to LEAs, see the Title I regulations in 34 C.F.R. §§ 200.20 - 200.25 and allocation guidance on LEA allocation procedures issued for the appropriate year.)

Q3. Does an SEA have flexibility in obtaining poverty data for public charter school LEAs?

A. Generally, an SEA must use the same measure of low-income throughout the State for determining LEA eligibility and allocations. Within this general rule, however, an SEA has flexibility in the following areas:

(1) If enrollment and poverty data for a public charter school LEA are not available at the same time that such data are collected for other LEAs (e.g., the charter school is not yet open), an SEA may use the same data collected at a different time of the year to determine the public charter school's eligibility for and allocation of Title I funds. For example, an SEA that uses enrollment and free and reduced-price lunch (FRPL) data collected in October 1996 to determine LEA allocations for the 1997-98 school year may use public charter school data collected at a later date to determine the public charter school's Title I eligibility and allocation.

(2) If, when allocating funds to LEAs, an SEA uses census poverty data, for example, that are not available for public charter schools, the SEA may use another poverty measure to estimate the number of census poverty children attending the public charter school and make corresponding adjustments to the census poverty counts of the sending LEAs. For example, an SEA that has FRPL data available for regular and public charter school LEAs may derive a census count for the public charter school LEA by computing the percentage of FRPL children living in each LEA that attend the public charter school and applying that percentage to the census poverty count of each of the sending LEAs. The following examples illustrate how an SEA might use census poverty and FRPL counts to compute an adjusted census poverty count for regular LEAs and the public charter school districts.

Example: One public charter school draws students from several LEAs

Regular LEAs from which Public Charter School Draws Students	(1) Census Poverty Count	(2) Count of Free & Reduced Price Lunch (FRPL) Children Living in Regular LEAs	(3) FRPL Children Living in Regular LEAs & Enrolled in Public Charter School	(4) Percent of Regular LEA FRPL Children Enrolled in Public Charter School	(5) Census Poverty Adjustment for Regular LEAs Used to Compute Public Charter School Census Count	(6) Adjusted Census Poverty Count for Each LEA	(7) Neglected Count	(8) Total Formula Count
LEA 1	14	25	3	12.00%	1.68	12.32	0	12.32
LEA 2	16	29	3	10.34	1.66	14.34	0	14.34
LEA 3	30	58	5	8.62	2.59	27.41	1	28.41
LEA 4	20	40	2	5.00	1.00	19.00	0	19.00
LEA 5	25	50	3	6.00	1.50	23.50	0	23.50
LEA 6	40	79	7	8.86	3.54	36.46	2	38.46
Public Charter School LEA	0	NA	NA	NA	NA	11.97	0	11.97
Total	145	281	23	NA	11.97	145.00	3	148.00

Column (1) Census poverty count for each LEA from which the public charter school draws students.
Column (2) Free and reduced-price lunch (FRPL) counts for each regular LEA from which the public charter school draws FRPL students.
Column (3) FRPL children living in a regular LEA and enrolled in the public charter school.
Column (4) Percent of FRPL children living in regular LEAs enrolled in the public charter school (Column (3) ÷ Column (2))
Column (5) Adjustment to census poverty counts in sending LEAs (Column (1) x Column (4)) used to derive an estimated census count for the public charter school LEA.
Column (6) Adjusted census poverty counts for regular LEAs (Column (1) - Column (5)) plus the derived census count for the public charter school LEA (the total from Column (5)).
Column (7) Count of children in locally operated institutions for neglected children.
Column (8) Total formula count for each LEA (Column (6) + Column (7)).

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Example: Several public charter schools draw students from one LEA

Regular LEAs from which Public Charter Schools Draw Students	(1) Census Poverty Count	(2) Count of FRPL Children Enrolled in the Regular LEA and Public Charter Schools	(3) Percent of FRPL Children Enrolled in the Regular LEA & Public Charter Schools	(4) Adjusted Census Poverty Count for the Regular LEA and Each Public Charter School	(5) Neglected Count	(6) Total Formula Count
LEA	76,000	199,760	99.88%	75,908.80	927	76,835.80
Public Charter School 1		40	0.02	15.20	0	15.20
Public Charter School 2		120	0.06	45.60	0	45.60
Public Charter School 3		80	0.04	30.40	0	30.40
Total	76,000	200,000	100.00	76,000.00	927	76,927.00

Column (1): Census poverty count for the regular LEA from which the public charter schools draw students.
Column (2): Count of FRPL students enrolled in the regular LEA and the public charter schools.
Column (3): Percent of FRPL students enrolled in the regular LEA and public charter schools.
Column (4): Adjusted census poverty count for the regular LEA and public charter schools (the total for Column (1) (76,000) x individual percentages shown in Column (3)).
Column (5): Count of children in locally operated institutions for neglected children.
Column (6): Total formula count for the LEA and each public charter school (Column (4) + Column (5)).

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(3) If the same data are not available, an SEA may use poverty data for public charter school children that are from a different source than the data it uses for other LEAs so long as the income level for both sources is generally the same. For example, an SEA uses free and reduced-priced lunch data to allocate Title I funds to LEAs. However, students in a public charter school LEA do not participate in the free and reduced-price lunch program. Public charter school officials may be able to produce an equivalent count of poor children from families that meet the income criteria for the free and reduced-price lunch program by using other sources of poverty data such as a survey of parents.

Q4. What if public charter school enrollment and poverty data are not available in time to be factored into the allocation process?

A. We encourage SEAs to allow public charter school LEAs as much leeway as possible with respect to deadlines for submitting data. At the same time, because of the need to determine Title I allocations in sufficient time to allow LEAs to design their programs, hire staff, and purchase necessary equipment and materials, an SEA may establish a reasonable cut-off date by which all LEAs (including charter school LEAs) must submit the data necessary for the Title I allocation process.

SEAs should bear in mind that newly opening public charter schools typically are not in a position to identify their formula children until on or near the date when the school actually opens. To accommodate this situation, yet not hold up the determination of final allocations for other LEAs in the State that are not affected by the creation of a charter school LEA, we strongly urge SEAs to use one of the following options:

(1) An SEA may compute the amount of grants that sending LEAs would have received under sections 1124 and 1124A of Title I had the public charter school LEAs not been created. Under the authority in section 1126(b) of Title I,[1] an SEA may then adjust those allocations for LEAs likely to send children to public charter schools ("sending LEAs") by reserving an estimated amount in anticipation of the start-up of public charter school LEAs. Once poverty data are available based on the actual count of formula children, or to determine an actual count of formula children as provided in the examples in Q. 3, an SEA would determine actual allocations for the

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[1] Section 1126(b) allows SEAs to allocate the amounts of grants under Sections 1124 (Basic Grants), 1124A (Concentration Grants), and 1125 (Targeted Grants) among affected LEAs (1) if two or more LEAs serve, in whole or in part, the same geographical area; (2) if an LEA provides free public education for children who reside in the school district of another LEA; or (3) to reflect the merger, creation, or change of boundaries of one or more LEAs.

sending LEAs and the public charter school LEAs, if eligible, and notify these LEAs of their final allocations for the school year. These final allocations would then be used as the base for determining the hold-harmless allocations the following year.[2]

(2) An SEA may use funds made available through the reallocation process authorized in section 1126(c) of Title I or from unexpended State administration funds to provide estimated allocations to public charter school LEAs. Once poverty data for the public charter school LEAs become available, an SEA would determine "actual" allocations that the sending LEAs and the public charter school LEAs are entitled to receive and notify the LEAs of what their "actual" allocation would have been for the school year through this process. These "actual" allocations would become the base allocation for determining hold-harmless allocations the following year.

Public Charter Schools within an LEA

Q5. What eligibility requirements must a public charter school meet in order to receive Title I, Part A funds from its LEA?

A. In order to receive Title I funds, a public charter school must meet the same eligibility requirements as other public schools in the LEA. To allocate Title I funds to schools, an LEA must first determine which schools (including public charter schools) are eligible to participate. Generally, a school is eligible to participate if the percentage of children from low-income families residing in its school attendance area or enrolled in the school is at least as high as the percentage of children from low-income families in the LEA as a whole or is at least 35 percent.

Q6. In general, how does an LEA distribute Title I, Part A funds to eligible schools?

A. An LEA ranks all of its schools according to their percentages of poverty and allocates funds to eligible schools, in rank order according to those poverty percentages, based on the number of poor children in each school. In allocating Title I funds, an LEA must serve all schools above 75 percent poverty before serving any school with a poverty rate below 75 percent. After allocating funds to schools above 75 percent poverty, the LEA may serve lower-poverty schools either by continuing with the districtwide ranking or by

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[2] Generally, the Title I statute contains a "hold-harmless" provision only for Basic Grants whereby an LEA is guaranteed a certain Title I allocation based on its prior year allocation. In the fiscal year 1998 appropriations act, however, Congress established a 100 percent hold-harmless for Basic and Concentration Grant allocations made in school year 1998-99.

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ranking within grade-span groupings. Although an LEA is not required to allocate the same per-pupil amount to each school in its district, it may not allocate a higher amount per child to schools with lower poverty rates than to schools with higher poverty rates. Depending on choices an LEA makes with regard to such issues as the per-pupil allocation for each school, grade-span groupings, and off-the-top reservations, as well as the amount of Title I funds an LEA receives, an eligible school may or may not receive Title I funding. (For more details about how LEAs allocate Title I funds to schools, see the Title I regulations in 34 C.F.R. §§ 200.27 and 200.28 and guidance on within-district allocation procedures.)

Q7. Does an LEA have flexibility in obtaining poverty data for public charter schools?

A. Yes, an LEA has flexibility. For example:

- If enrollment and poverty data for a public charter school are not available at the same time that such data are collected for other public schools (e.g., the charter school is not yet open), an LEA may use the same data collected at a different time of the year to determine the public charter school's eligibility for and allocation of Title I funds. For example, an LEA that uses enrollment and free-lunch data collected in February 1997 to determine allocations for the 1997-98 school year may use public charter school data collected at a later date to determine the public charter school's Title I eligibility and allocation.

- If an LEA uses poverty data that are not available for a public charter school, such as free and reduced-price lunch data, the LEA has several options:

  (1) The LEA may use poverty data for public charter school children that are from a different source than the data it uses for other public schools so long as the income level for both sources is generally the same. For example, public charter school officials may be able to produce an equivalent count of children eligible for free and reduced-price lunches using other sources of poverty data such as a survey of parents, State programs under Title IV of the Social Security Act, or tuition scholarship programs.

  (2) If complete actual data are not available, the LEA may extrapolate the number of low-income children in a public charter school from actual data on a representative sample of children in the public charter school. The sample size should be large enough to reasonably conclude that the poverty estimate is accurate.

(3) The LEA may obtain the number of poor children in a public charter school by correlating sources of data--that is, by determining the proportional relationship between two sources of data on poor children in regular public schools and applying that ratio to a known source of data on poor children in a public charter school.

Q8. What if public charter school enrollment and poverty data are not available in time to be factored into the LEA's allocation process?

A. We encourage LEAs to allow public charter schools as much leeway as possible with respect to deadlines for submitting data. At the same time, because of an LEA's need to determine the allocation of Title I funds among participating schools in sufficient time to design programs, hire staff, purchase necessary equipment and materials, and consult with private school officials about equitable services for their children, an LEA may establish a reasonable cut-off date by which public charter schools must submit the data necessary for the LEA to make decisions. LEAs, however, should bear in mind that newly opening public charter schools typically are not in a position to identify their poverty children until on or near the date when the school actually opens for the first time. Accordingly, to the extent that an LEA sets a cut-off date for poverty data significantly in advance of such opening, we strongly encourage the LEA to adopt one or more of the following options:

(1) The LEA may reserve an amount off the top of its Title I allocation that it believes will be sufficient to fund eligible public charter schools. Once a public charter school has the appropriate data, the LEA would determine whether the school is eligible and ranks sufficiently high to receive Title I funds. The LEA would allocate the appropriate amount of the reserved Title I funds to the qualifying public charter school in accordance with the LEA's Title I allocation procedures.

(2) The LEA may distribute an appropriate amount available from Title I "carryover funds" to a qualifying public charter school.

(3) The LEA may apply to the SEA for funds available through the Title I reallocation process to serve a qualifying public charter school.

We strongly encourage SEAs and LEAs to take advantage of the flexibility discussed in this guidance in order to ensure that eligible children in public charter schools receive Title I services.

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